

Procuring Local Foods

For Child Nutrition Programs

Procurement in the 21st Century

January/February , 2017

Welcome!



Overview

- Procurement 101:
 - » Procurement basics and key concepts
 - » Procurement methods
- Procuring Local Foods:
 - » Defining local and sources for local foods
 - » Methods to target local foods
- Resources

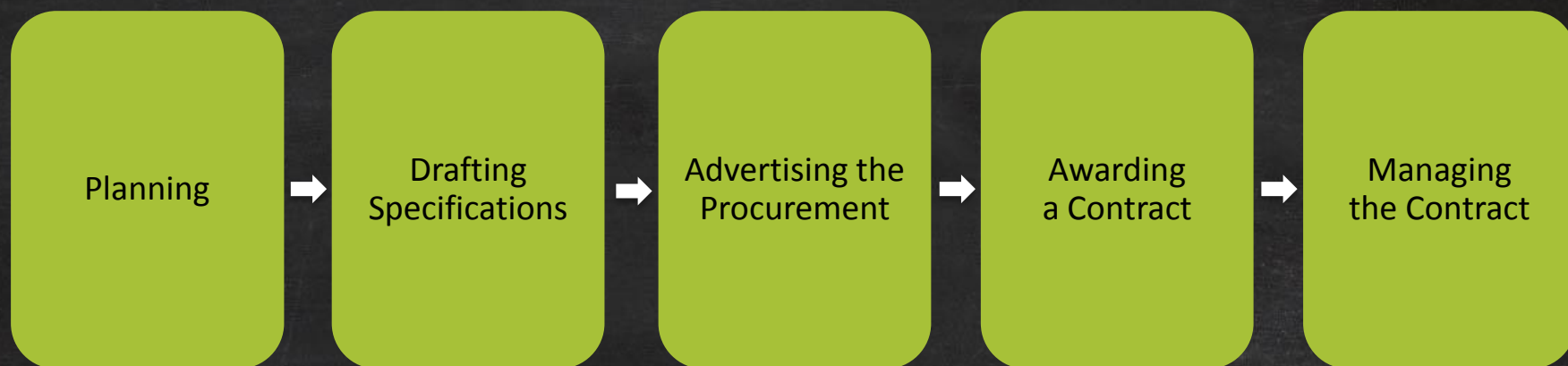
Procurement Principles and Regulations



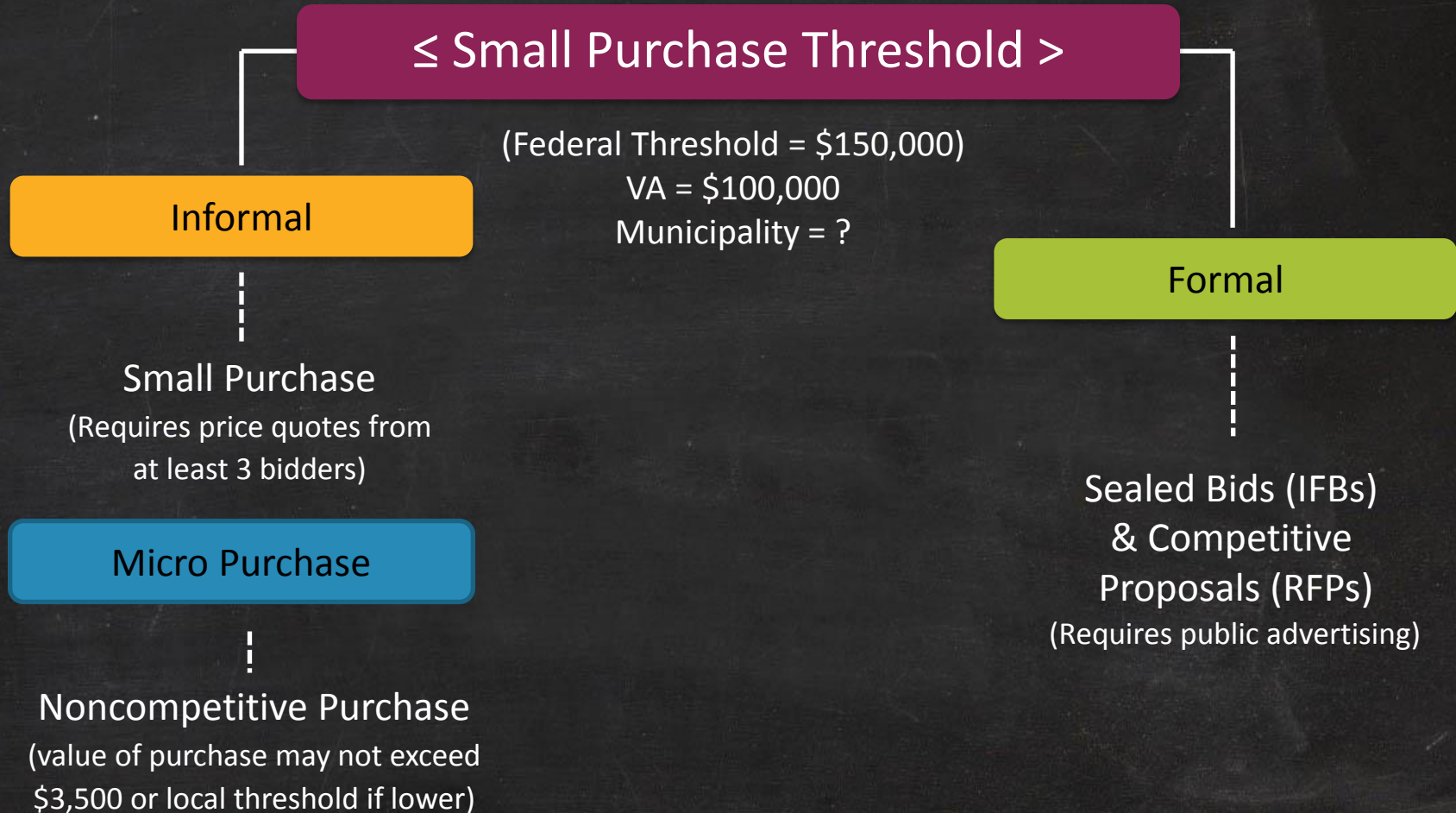
What Is Procurement?

Procurement is the purchasing of goods and services.

The procurement process involves:



Procurement Methods



What's Your Small Purchase Threshold?



The Informal Procurement Process



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Small Purchase Procedure

Use it when:

The estimated amount of your purchase falls below your small purchase threshold. Small purchases require that schools:

- Acquire bids from at least three responsible and responsive vendors;
- Develop written specifications; and,
- Document all bids.





“Three Bids and a Buy”

Develop a Specification

- Granny Smith, US. No. 1, five 185 count boxes per week for Sept-Dec

Solicit Bids

- Contact vendors (by phone, fax, email, in-person or via mail) and provide them with specifications (or if calling, read same information to each vendor).

Bid Documentation

- Write down each vendor’s bid and constraints; then file it.

Vendor	Art’s Apples	Olivia’s Orchard	Apple Crunch Inc.
Price/box	\$40	\$47	\$37

Informal Bid Templates

21a - blank Instructions and Example for Completing Informal.docx - Microsoft Word

File Home Insert Page Layout References Mailings Review View

Clipboard Font Paragraph Styles

Handout 9a

Instructions and Example for Completing Informal (Small) Procurement Log
(Purchases costing less than \$150,000 or State threshold if less)

The Informal Procurement Log can be used to document all bids received as a result of the SFA's solicitation for purchasing products/services costing less than \$150,000. A school will need to **solicit at least two and preferably three bids** in order to achieve competition and to satisfy federal procurement requirements. Schools will need to document the bids and all other pertinent information discussed with the bidders. Schools must make certain that all bidders receive the same product specifications. **All procurement records must be kept for at least three years from the date the last invoice is paid.**

Supplier Name:										
Items to be Purchased:	Quantity estimated to be purchased	Unit Price	Extended Price (Quantity x Unit Price)	*BS (✓)	Unit Price	Extended Price (Quantity x Unit Price)	*BS (✓)	Unit Price	Extended Price (Quantity x Unit Price)	*BS (✓)
1. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
2. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
3. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
4. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
5. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
6. Product name & specification:				<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
Total:		\$			\$			\$		
*Bidder Selected (BS)										
*Bidder Selected (BS); school can award all items to one bidder (lowest total price) or award purchase on a line item basis (lowest line item price). School need to tell the bidders which option they will use for awarding the purchase when they are asking for pricing. Schools can state that either option may be used by the school to award the purchase.										
Method of contact: Email/Fax/Mail/in person/Phone										
Name of person quoting pricing:										
Date contacted:										
Additional Notes:										
Signature of person completing this form:									Date:	

Name of bidder selected: _____ (If notification was in writing attach document to the procurement log/evaluation matrix)
 Bidder selected was notified on: _____ (Email/Fax/Mail/in person/Phone)
 Method of notification: _____

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Informal Bid Templates

School District Name Here
School Nutrition Department
INFORMAL QUOTATIONS

School Year 2014-2015

DATE: _____ Term of Agreement: _____

PRODUCT: _____

Specifications for product: _____

Quantity of Product: _____

Delivery Requirements: _____

Vendor/Farmer: _____ Phone: _____

Contact Person: _____ E-mail: _____

Date called: _____ Date written quote received: _____

Price: _____

Comments: _____

PURCHASE? Yes No If no, why?

Vendor/Farmer: _____ Phone: _____

Contact Person: _____ E-mail: _____

Date called: _____ Date written quote received: _____

Price: _____

Comments: _____

PURCHASE? Yes No If no, why?



A collaboration of NOFA-VT & Shelburne Farms

TEMPLATE and SAMPLE LANGUAGE for LOCAL FOODS in INFORMAL CONTRACTS FOR VERMONT

This method is allowed for purchases that fall under the State of Vermont small purchase threshold of \$15,000, or your SU/SFA/School small purchase threshold, whichever is lower (be sure to check). Prices can be verbal quotes provided by the vendor, posted prices found in promotional materials, catalogs, or stores, or written estimates provided by the vendor.

The more you define what you are looking for, the better the producers and vendors will be able to respond.

SCHOOL NAME _____

1. Link the contract with your FTS goals or policies:

Define your Farm to School program in broad terms. Items you might want to include:

- ⑥ Importance of connecting to local farms and agriculture
- ⑥ Providing health and nutrition educational opportunities
- ⑥ Support local and regional producers
- ⑥ Exposing students to fresh and minimally processed products
- ⑥ Definition of local and regional foods *preferred* (cannot prohibit competition by requiring the bid to meet your definition of local):
 - ⑥ Tier one: how local?
 - ⑥ Tier two: Vermont? Surrounding states?

2. Specifications for what you want to use the products for and time periods:

- ⑥ Seasonal Sept–Nov, Dec–March, April–June for school meal programs
- ⑥ For special local food events
- ⑥ For support of the Month

NEW in 2015: Micro-purchase Threshold

≤ \$3,500; Micro Purchase Threshold

- FNS issued guidance to the state agencies implementing the new Super Circular. (CFR 200.320)
- “Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.”

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Micro Purchase Procedure

May be used when:

The estimated amount of your purchase falls below your micro purchase threshold. Micro purchases require :

- Each transaction with a vendor falls below \$3,500 or the local threshold;
- Total cost of purchases with a vendor does not exceed the small purchase threshold;
- Prices must be reasonable;
- Purchases should be spread equitably among qualified sources; and,
- Documentation of transactions.



The Formal Procurement Process





Splitting Procurements

- SFAs cannot arbitrarily divide purchases to fall below the small purchase threshold.
- In some instances, however, characteristics of a product or market justify the need to separate it from the overall food procurement.

...such as Harvest of the Month programs, taste tests, products for a Farm to School Month promotion. (But you still can't use local as a specification!)



3 Key Concepts

- 1) Competition
- 2) Knowledge of Federal, State, and Local Regulations
- 3) Responsive and Responsible Vendors

1

Competition

Competition is essential to ensure the best
PRICE and QUALITY of goods and services.



State and Local Procurement Policies

- SFAs must be aware of and comply with federal, state, and local procurement regulations
- The most restrictive threshold applies

Responsive and Responsible

Not just price! SFA must make award to vendors that are responsive and responsible.

- Responsive means that the vendor submits a bid that conforms to all terms of the solicitation.
- Responsible means that the vendor is capable of performing successfully under the terms of the contract.



Competition Killers

Do not...

- Place unreasonable requirements on firms;
- Require unnecessary experience;
- Give noncompetitive awards to consultants or vendors;
- Have organizational conflicts of interest;
- Specify only brand name products;
- Make arbitrary decisions in the procurement process;
- Write bid specifications that are too narrow and limit competition;
- Allow potential contractors to write or otherwise influence bid specifications; or,
- Provide insufficient time for vendors to submit bids.
- **Use local as a product specification.**

When do procurement rules apply?

- All purchases made with federal dollars:
 - » purchases made with federal reimbursement dollars (non-profit food service account)
 - » USDA Foods have already been competitively procured by the federal government

Defining Local and Where to Find Local Foods



THE
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PROGRAM

What the Legislation Says

Section 2403 of the 2008 Farm Bill says:

*“The Secretary shall allow institutions receiving funds under this Act ... to use a geographic **preference** for the procurement of unprocessed agricultural products, both locally grown and locally raised.”*

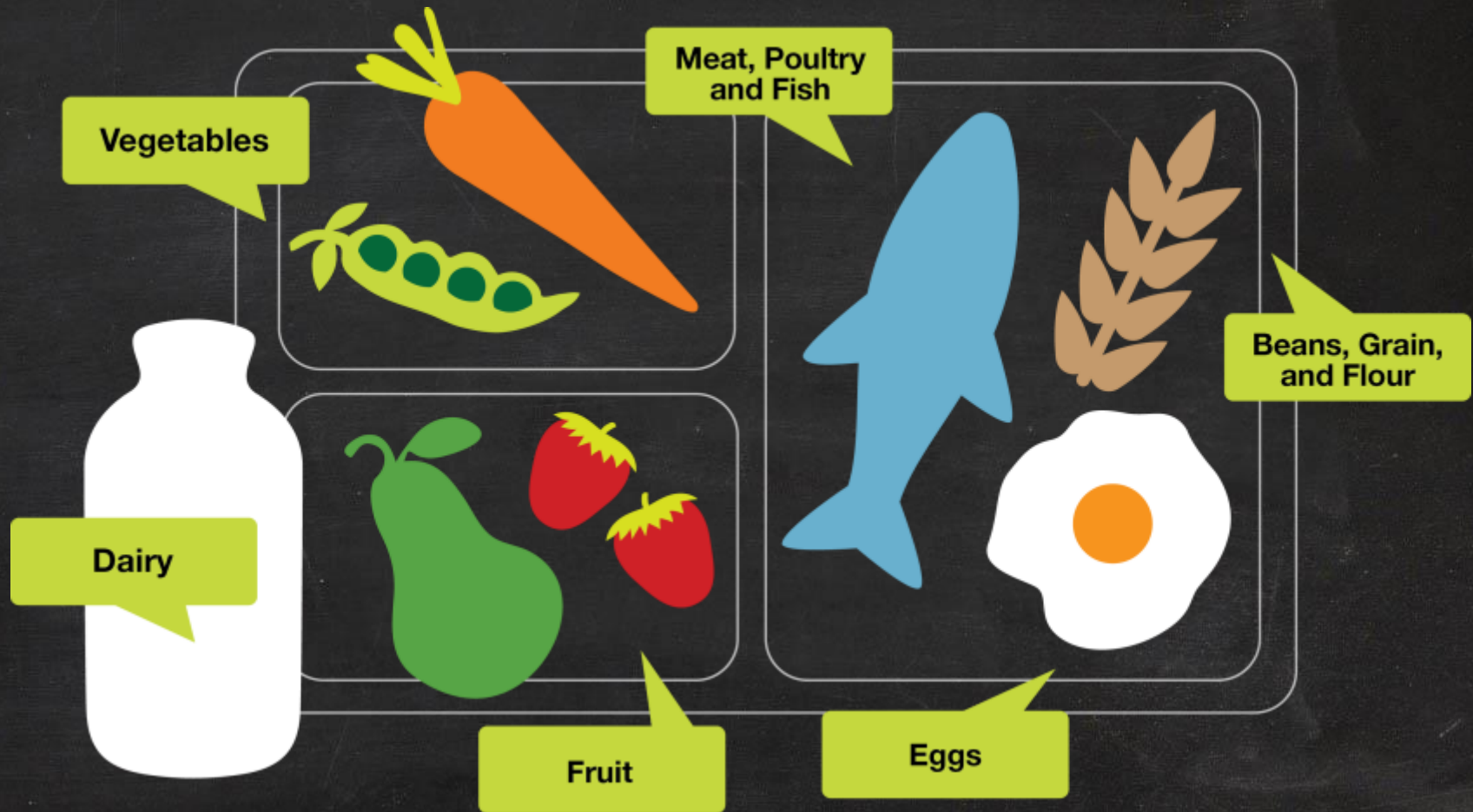


What Is “Unprocessed”?

“Unprocessed” agricultural products retain their inherent character. These are the **allowed** food handling and preservation techniques:

- Cooling, refrigerating, and freezing
- Peeling, slicing, dicing, cutting, chopping, shucking, and grinding
- Forming ground products into patties
- Drying and dehydrating
- Washing, packaging, vacuum packing, and bagging
- Adding preservatives to prevent oxidation
- Butchering livestock or poultry
- Pasteurizing milk

What Types of Products?



What Does Local Mean?

Who defines local?

- School food authorities



How?

- Within a mile radius
- Within a county or state
- Within a region
- Tiered definitions



Include Your Desire for Local in the Introduction

- A school's interest in purchasing local products (and the broader context of its farm to school program) can be expressed in the introduction to a solicitation.
 - » Remember: a school ***may not*** specify that it wants only local products.
 - » A school ***may*** indicate its desire to serve local products and emphasize the importance of its farm to school program.



Examples

- **Page County Public Schools**, in Virginia, defines local using three tiers:
 - » Within the county
 - » Within the region (within 90 miles of Luray, VA)
 - » Within the state
- **Oakland Unified School District**, in California, defines local within a 250-mile radius of the city of Oakland.
- **Hinton Public Schools**, in Oklahoma, defines local as within Oklahoma.

Local Production & Seasonality Resources

- Conversations among farmers, producers, distributors, schools
- Outreach to Cooperative Extension agents
- Outreach to state agencies- Dept of Ag
- Outreach to USDA- Farm Service Agency
- Outreach to districts that have sourced locally
- USDA Farm to School Census
- USDA Census of Agriculture
- Seasonality charts, crop calendars



What is Produced in YOUR Area?

- What might be local on the menu after summer break? After winter or spring break?
- What items are grown, harvested, produced or processed in your region?
- What local products have you seen on school menus recently?



Where to Get Local Foods

- Through distributors
- Through food service management companies
- From food processors
- Through DoD Fresh
- From individual producers
- From producer co-ops/ food hubs
- From school gardens



Resources for Finding Local Products

- Online Tools
- USDA Resources
- State Resources
- Producer Associations
- Food Hubs
- Farmers Markets
- Non-Profit Organizations

Not sure where to start?

Requests for Information (RFI):

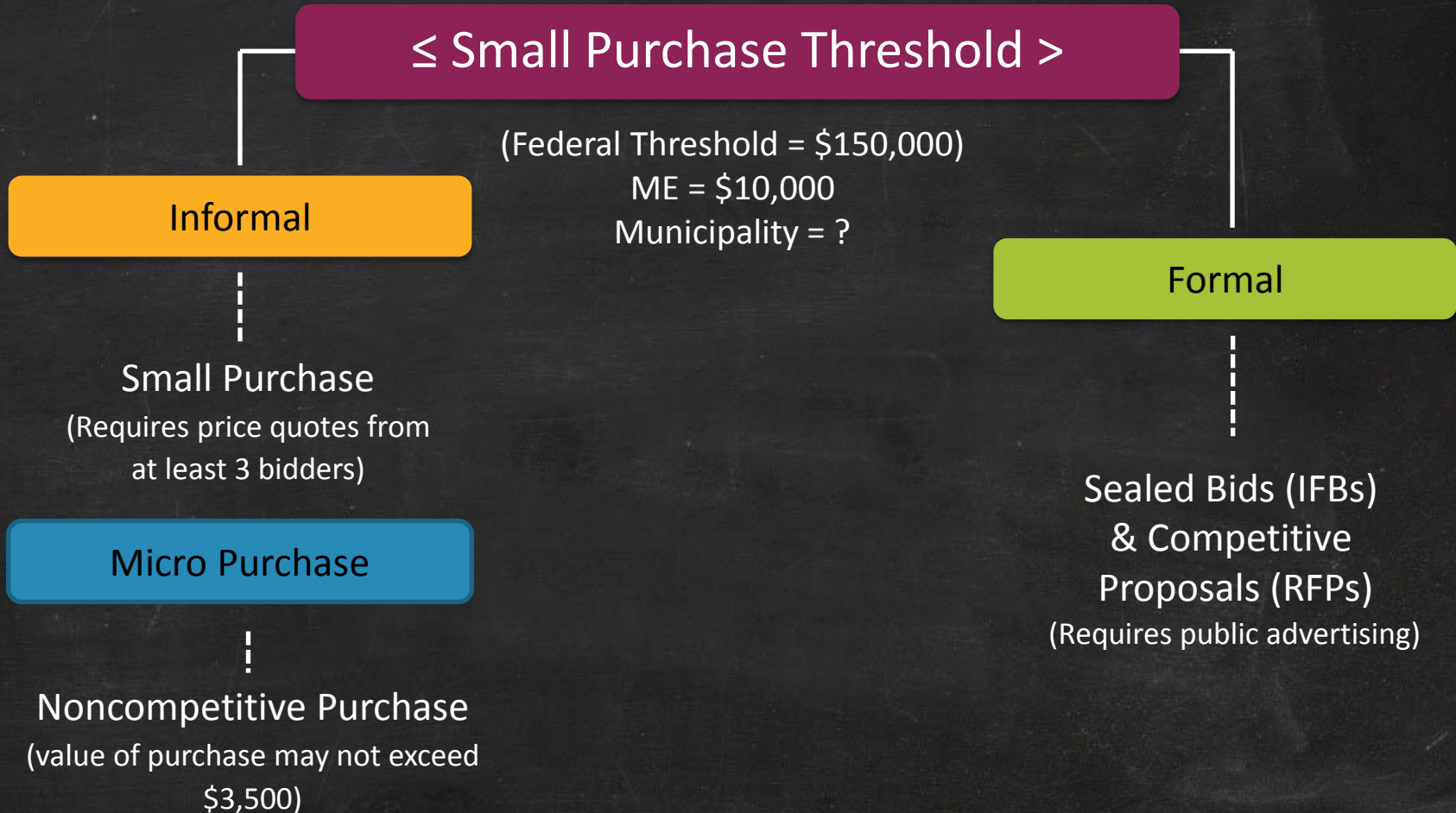
- Survey the market to understand:
 - » Quantity available
 - » Price point
 - » Seasonal availability
 - » Willingness to work with schools
 - » Whether geographic preference is necessary
 - » Who the producers are!
- Collaborate with surrounding districts
- Work with a community partner

Buying Local Food using the **Micro- purchase Threshold**



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Procurement Methods





Micro-purchase Threshold

Use it when:

- Value of a purchase is less than \$3,500

What to do:

- Write a product specification and any additional vendor requirements
- Make a purchase from a responsive and responsible vendor at a reasonable price that meets your definition of local

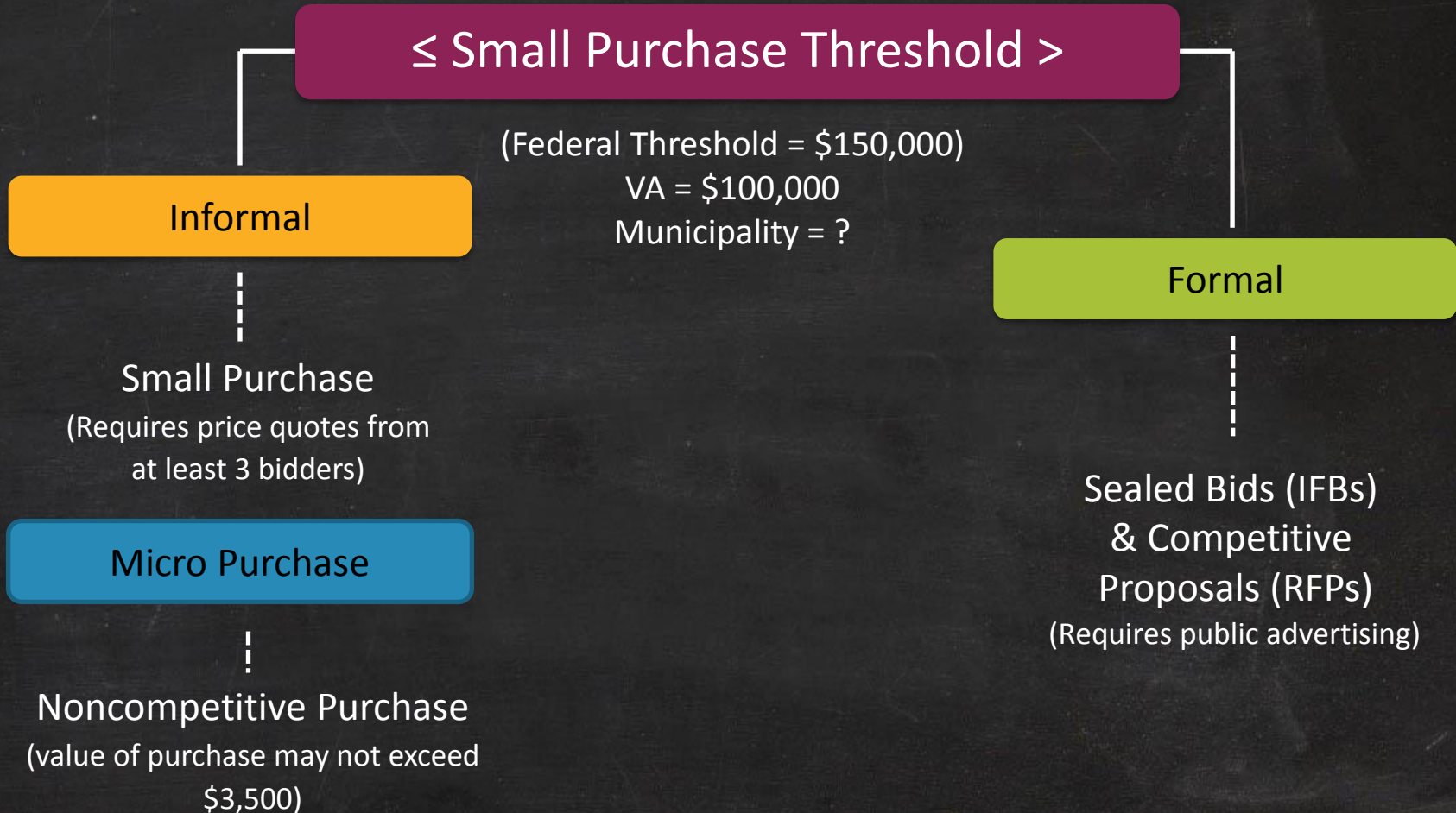
Requirements & Reminders

- Document the purchase (file away product specification/invoice/receipt)
- Do not arbitrarily split procurements

Targeting Local in an Informal Procurement



Procurement Methods





“Three Bids and a Buy”

Develop a Specification

- Green apples, US. Fancy or No. 1, prefer five 185 count boxes per week but willing to consider other pack sizes for Sept-Dec.

Solicit Bids

- Contact ONLY LOCAL vendors (by phone, fax, email, in-person or via mail); provide them w specifications (or if calling, read same information to each vendor).

Bid Documentation

- Write down each vendor’s bid and constraints; then file it.

Vendor	Art’s Apples	Olivia’s Orchard	Apple Crunch Inc.
Price/box	\$40	\$47	\$37



Proceed with Caution (and Document)

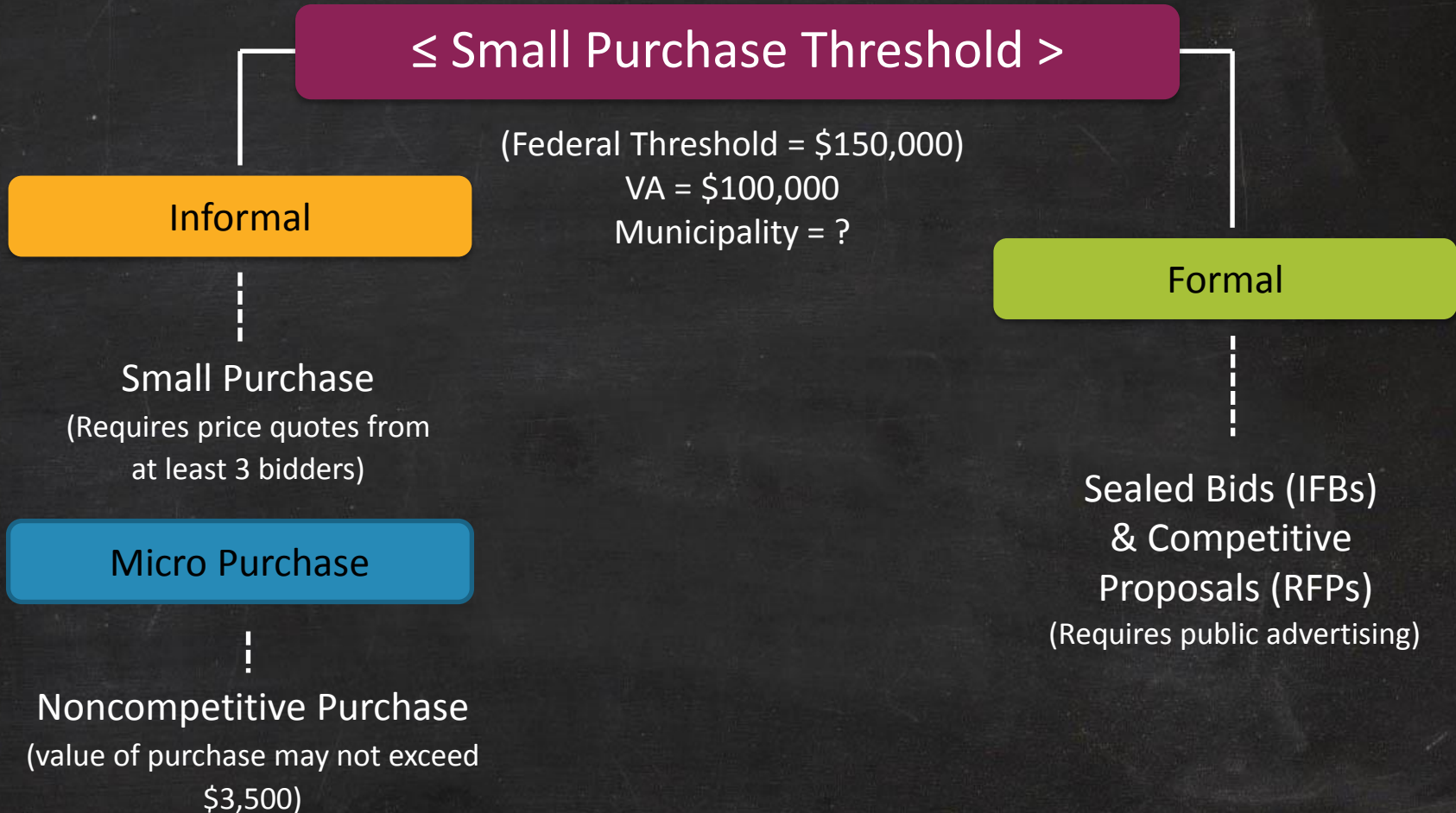
- Acorn Lane School District issued a solicitation for 1,000 cases of green apples on September 5.
- To encourage competition, Acorn Lane School District emailed the solicitation to 14 known vendors, placed an ad in the local paper, and followed up with 8 of the 14 vendors by phone.
- Only one bid was received on September 15.
- Acorn Lane School District awarded the contract to the lone bidder.

Targeting Local in a Formal Procurement



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Procurement Methods



Ways to Target Local Products through Written Solicitations

1. Define farm to school program in your introduction
2. Use product specifications
3. Use additional requirements to determine vendor responsiveness
4. Apply geographic preference in the evaluation of bids



1. Introduction Language with Local Emphasis

The Food Service Department (The Department) at the Cypress Creek District in Colorado works to provide the highest quality meals to its students. The Department views school meals as an essential component to student health, well-being and future success. Cypress Creek serves about 15,400 school lunches every day and the free and reduced price rate is 73%. The Department works to connect K-12 schools and local food producers to improve student nutrition, provide agriculture and nutrition education opportunities and support local and regional farmers.



2. Example: Use Product Specifications

Product Specification

- <McIntosh apples>
- US. Fancy or No. 1,
- Prefer five 185 count boxes per week but willing to consider other pack sizes for September – December





3. SFAs can ask for:

- » Freshness (e.g. Delivered within 48 hours)
- » Specific size of farm
- » Harvest techniques
- » Crop diversity
- » **Source of origin labeling**
- » Ability to provide farm visits or class visits



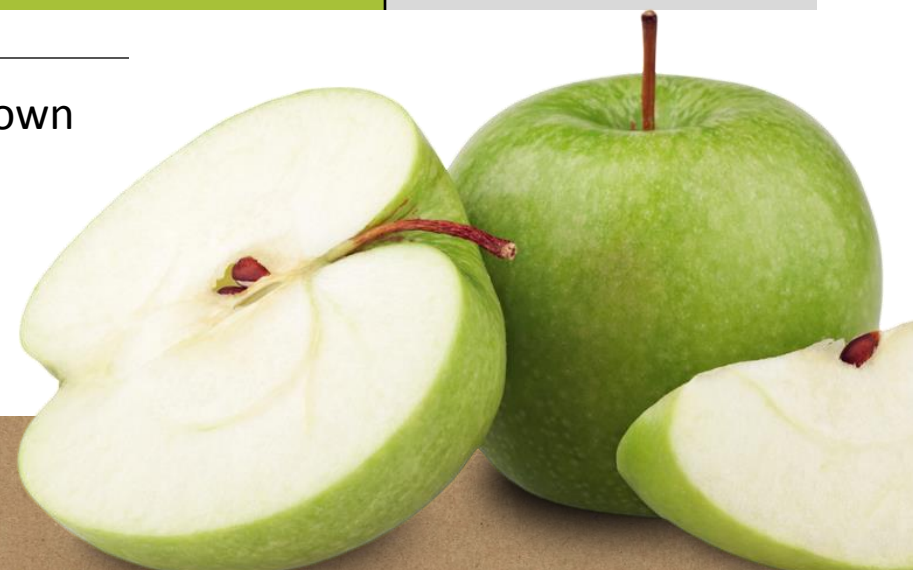
4. Incorporate a Geographic Preference

- 1) Define local.
- 2) Determine what type of procurement method to use.
- 3) Decide how much “preference” unprocessed agricultural products that meet your definition of local will receive.
- 4) Be sure your solicitation makes perfectly clear how the preference will be applied.

Example 1: 1 Point = 1 Penny

	Owen's Orchard	Apple Lane Farms	Bob's Best
Price	\$1.97	\$2.05	\$2.03
Meets geographic preference? (10 points)	No	Yes (10 points)	No
Price with preference points	\$1.97	\$1.95	\$2.03

10 points will be awarded to bids for apples grown within 100 miles of the school board office.





Section Summary

- SFA defines local
- Local product can be targeted in the micropurchase, informal, and formal methods
- Local must be cited as a **preference**, not a **requirement**

Farm to School Resources



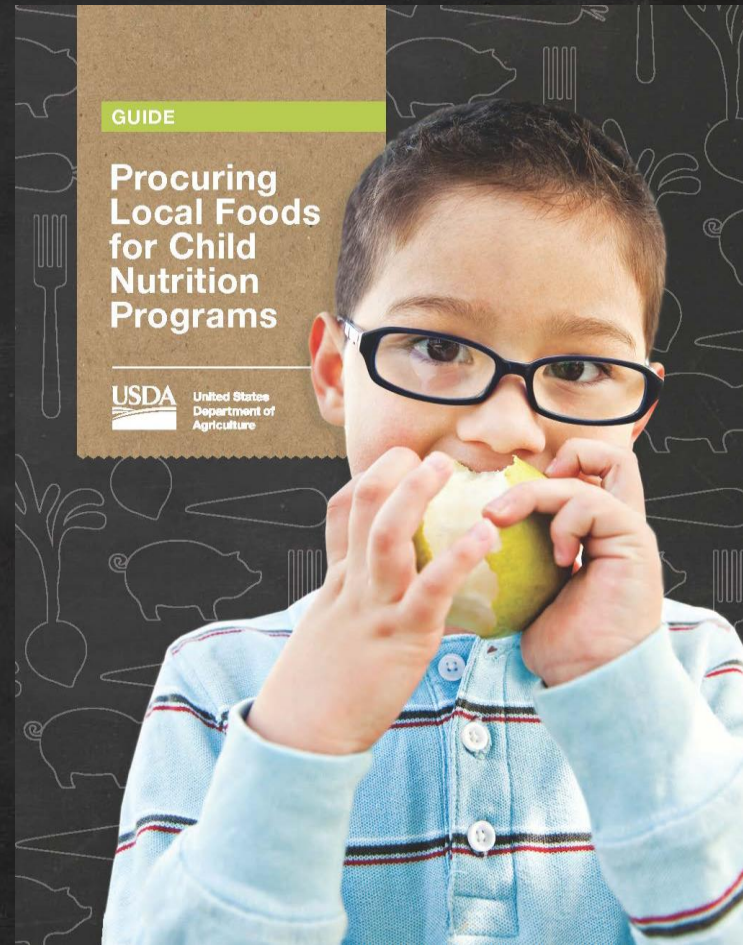
Local Procurement Guide

Available at:

<http://go.usa.gov/KAFH>

or on the Procuring Local Foods page of the USDA Farm to School website:

<http://www.fns.usda.gov/farmtoschool/procuring-local-foods>





United States Department of Agriculture

SELLING LOCAL FOODS: A RESOURCE

ACROSS THE COUNTRY, an increasing number of schools and districts have begun to source food and to provide complementary opportunities for students that emphasize food. If your school is a local food producer, this is an opportunity for you to sell your own community. As a farmer, processor, baker, or other food producer, you can play a role in providing local products for breakfast, lunch, snack times, and other school events. Students about food and agriculture.

Selling to Schools: Four Paths

School food service operations often have tight budgets, but school districts are a market for local products. Schools buy local products through direct sales, distributors, or through the DoD Fresh program. Some receive direct pick up orders at the farmers' market, while others seek raw products or use for scratch cooking. Explore to partner with district food service.

1) Selling directly to schools

Districts receive cash reimbursement from the government for every meal served. The school administrator and purchase food for the federal child nutrition program.



United States Department of Defense

USING DO D FRESH PURCHASES

THE DEPARTMENT OF DEFENSE (DoD) operates the DoD Fresh program, which allows schools to use their USDA Foods entitlement dollars to purchase fresh fruits and vegetables. As of 2015, the program was operating in eight states. As of 2016, the program was operating in Puerto Rico, the Virgin Islands, and Guam. The program has a budget of more than \$100 million worth of purchases.

What are the advantages?

- * Flexibility:** States can change their DoD Fresh program on a monthly basis, which allows schools to adjust their USDA Foods entitlement dollars to match the amount of cash reimbursement they receive. The amount of cash reimbursement allocated to DoD purchases varies by state.
- * Consistency:** DoD Fresh vendors deliver products weekly, and depending on the state, deliveries are every week, making it easy for schools to make purchases responsive to market fluctuations.
- * High quality:** DoD maintains strict Produce Quality Audits, encourages Good Agricultural Practices (GAP), and requires that products be sourced from approved suppliers.



United States Department of Agriculture

GEOGRAPHICALLY SENSITIVE

THE 2008 FARM BILL directed the USDA to encourage schools to use locally grown and locally raised products to the maximum extent practicable. Further, the Secretary was directed to encourage schools to use a "geographic preference" when procuring locally grown and unprocessed agricultural products.

There are many ways for schools to implement a geographic preference in federal school meals programs. Local Food in School Cafeterias is a preference is not the only option. It is a powerful tool and particularly useful in solicitations where respondents are required to provide a preference.

Types of products

The ability to apply a preference is limited to unprocessed or minimally processed products that have been cooked, heated, or otherwise altered. It can be applied to products that meet the definition of a food product, such as various forms of fish, poultry, dairy, eggs, and grains.



United States Department of Agriculture

USDA FOODS FOR BUYING

USDA FOODS has a dual mission: to support agriculture and providing healthy food. Offerings include a variety of fresh fruits and vegetables, lean meats, whole wheat grain products and more.

In order to access these healthy food products, a school must be a USDA Foods eligible institution. In 2015, the value of food served in USDA Foods went to schools for the first time. The Lunch Program comes from USDA Foods.

USDA Foods supports local purchases

Maximizes Funds for Local Purchases
In a time of tightening budgets, USDA Foods delivered to a school free of charge. If a school purchases USDA Foods products, schools can save money on local purchases.

“USDA is a partner in meeting the needs of our community. We are able to get products that are locally sourced and of high quality. I couldn't get as good of a deal elsewhere.”

—Andrea Early, Director of School Nutrition, Harrisonburg City Public Schools



United States Department of Agriculture

10 FACTS ABOUT LOCAL FOOD IN SCHOOL CAFETERIAS

1. USDA supports and encourages the procurement of local foods.

In USDA's vision, school cafeterias championing U.S. agriculture and proudly promoting locally sourced foods are the norm, not the exception.

2. The definition of "local" is different from school to school.

Definitions for local vary widely depending on the unique geography and climate where a school is located and on the abundance of local food producers and manufacturers. Many schools define local as within a certain number of miles from the school, within the county, or within the state. Alternatively, definitions might include more than one state (i.e., Georgia, Alabama, and Florida) or discrete parts of several states (i.e., specific counties in southwest Washington, northeast Oregon, and Idaho). In addition, many schools use different definitions of local depending on the product or season.

3. Many local products are easy to find and source.

Some products are more likely to be local than others. For example, fluid milk is produced in almost every state. Since milk is perishable and expensive to transport, most milk on school menus is relatively local. Similarly, schools in California serving avocado are likely using local avocados, while schools in Florida probably serve local citrus. Local products that are unique and/or abundant in a region are generally easier to find and source.

4. Food distributors and food service management companies can be great partners for local sourcing.

Increasingly schools are including expectations regarding local sourcing in their contracts with food service management companies and/or distributors. Even without contractual obligations regarding local, many distributors already offer local products so all a school needs to do is find out what items on the contracted list are local and order those products. This approach is a very easy way to bring local products into schools without creating separate distribution channels.

5. Locally sourced fruits and vegetables are available through the DoD Fresh Program.

Schools can elect to spend a portion of their USDA Foods entitlement money on fresh fruits and vegetables through the DoD Fresh Fruit and Vegetable Program, operated by the Department of Defense. To supply fresh fruits and vegetables to schools, DoD contracts with over 45 produce vendors across the country. DoD Fresh vendors often have local products and they identify them as such in the FFAVORS catalogue.



THE FARM to SCHOOL PROGRAM



THE FARM to SCHOOL PROGRAM

Quiz:

Procurement Basics



**Is documentation required
for informal procurements?**



**Can a school award a
contract if only one bid was
received?**



**Can a school require a
vendor to provide
references?**



**Can a school require a
specific brand name
product?**



**Can a school award a
contract to a local vendor
without conducting a
procurement?**



Thank you! Questions?



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